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Mr. Michael Gelder
On Behalf of the Health Reform Implementation Council
Senior Advisor on Health Policy
Office of the Governor
100 West Randolph
JRTC Suite 16-100
Chicago, IL 60601

Re: Request for Comments on Essential Health Benefits

Dear Mr. Gelder:

Aetna appreciates the opportunity to provide comments to you as you consider the most appropriate Essential Health Benefit package for Illinois.

Aetna is one of the nation's leading diversified health care benefits companies, providing members with information and resources to help them make better informed decisions about their health care. Our programs and services strive to improve the quality of health care while controlling rising employee benefit costs. Aetna offers a broad range of traditional and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life, and disability plans and medical management capabilities

As you know, the Department of Health and Human Services (HHS) issued an Essential Health Benefits Bulletin (Bulletin) on Dec. 16, 2011 "outlining proposed policies" HHS intends to use in applying the Essential Health Benefits (EHB) requirements of the Affordable Care Act (ACA) for an initial two-year (2014-15) "transition period." According to the Bulletin, HHS intends to:

- Use a "benchmark" approach for EHB, under which individual states would be given flexibility to select a benchmark plan "reflecting the scope of services offered by a 'typical employer plan.'" Specifically, states would choose one of the following:
 - 1) Largest plan "by enrollment in any of the three largest small group insurance products in the state's small group market;"
 - 2) One of the three largest state employee health plans by enrollment;
 - 3) One of the three largest federal employee (FEHB) plan options by enrollment; or
 - 4) The largest non-Medicaid HMO operating in the state.
- Require that if a chosen benchmark does not include one or more of the ten ACA-mandated coverage categories (e.g., rehab services), a state must add such benefit into its EHB plan.
- Permit health plans to offer EHB plans that are "substantially equal" to the benchmark plans selected by the state and permit health issuers to "adjust" benefits, within required limits.

- Permit state mandated benefits in a selected benchmark plan to become part of that state's EHB, at least for the two-year transition period. Such benefits will be eligible for federal ACA subsidies, and states will not be required to refund HHS for their associated costs.

Based upon the guidance from HHS above, Aetna believes it is important to remember that the definition of Essential Health Benefits will have significant impact on the cost and quality of health coverage under the ACA, particularly in the individual and small group markets -- especially when considered together with closely related rules regarding actuarial value and cost-sharing limits.

As a key stakeholder, Aetna is committed to working with you to identify the most appropriate package of essential health benefits based upon three overarching goals:

- *Affordability* of coverage,
- *Simplicity* of operation, and
- *Competition* on choice and quality.

To accomplish these goals we recommend the following three considerations:

First, it is important to select the most affordable benchmark option. The most important goal of consumers and small employers in health care is access to affordable coverage. Aetna recommends states choose the most affordable of the benchmark options provided under the HHS guidance.

Next, we believe it is critical to preserve plan flexibility for consumers. For health reform to be seen as successful by consumers, they will need to be able to see a larger selection of viable coverage options than they have today. Aetna recommends that in establishing the EHB, Illinois take care to assure the flexibility indicated in the HHS guidance for health plan issuers to be permitted to vary benefits provided they remain "substantially equal" to the EHB adopted by the state. Specifically, we recommend that the benchmark plan not mandate a particular plan type -- rather it should identify the services and leave it up to the carrier to determine the plan type that will include those benefits.

Finally, it is critical that Illinois identify its EHB as soon as possible. Internally we have identified July 1, 2012 as the date needed for EHB in order to design, file, market and receive state approvals for the plans to be sold. If the decision is after July 1, we request that you develop an expedited regulatory review process to ensure adequate time for product development and approvals if needed.

Aetna is pleased to have the opportunity to provide comments regarding Essential Health Benefits. Thank you for considering our comments. Should you have any questions, please feel free to contact me.

Sincerely,



Elena E. Butkus
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